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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/730,360	12/09/2003	Sam Balabon	12664-1	1794

23838 7590 07/20/2005

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EXAMINER	
ALPERT, JAMES M	

ART UNIT	PAPER NUMBER
3624	

DATE MAILED: 07/20/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	10/730,360	BALABON, SAM	
	Examiner	Art Unit	
	James Alpert	3624	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *28 April 2005 & 16 November 2004*.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-35* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-35* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date *11/16/04, 04/28/05*.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

DETAILED ACTION

The Office is in receipt of applicant's response to the Rule 105 request and has entered the submission into the record as of 28 April 2005. The following communication is in response to Applicant's amendment filed on 16 November 2004.

Status of Claims

Claim 1 is currently amended. Claims 2-35 are as originally submitted. No claims are cancelled. Claims 1-35 are, therefore, currently pending.

Response to Arguments

Applicant's arguments filed 16 November 2004 have been fully considered. With regard to the rejections under 35 USC §112, applicant's arguments are not persuasive, and these claims remain rejected. With regard to the rejections under 35 USC §102, applicant's arguments are persuasive, and these rejections are hereby withdrawn. New grounds for rejection will be presented below.

Previous Rejections – 35 USC § 112

The examiner apologizes for placing the wrong portion of the statute in the action. For the record, the following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claim 1-35 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The language in the claims 1 and 35 comprising,

> completing the order only if the accepted price is at least the predetermined distance and the predetermined direction away from the updated market value,

has not been amended, and remains a conditional statement wherein one branch of the condition remains unaccounted for. Specifically, the claims do not address the situation wherein the accepted price is not at least the predetermined distance and direction away. What happens to the order when that situation occurs? Does the order go back in the queue for further attempts at matching? Is the order removed from the queue and order book? Appropriate correction is required.

New Grounds of Rejection #1 – 35 USC § 112

Claim 1-35 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The language in the claims 1 and 35 comprising,

> receiving from a first party an order to trade a financial instrument at a predetermined distance and predetermined direction away from a market value of the financial instrument;

can easily be interpreted a pure limit order. To demonstrate this please consider the PhD dissertation of Patrick Conroy entitled, "Limit Orders Versus Market Orders: Theory and Evidence," which was published in 1997:

> Investors seek to maximize profits based on future expectations about share prices. The choice they face is to sell (buy) a quantity of stock at the market price or to set a "limit" price above (below) the market price to buy that same quantity of stock within a certain time period.

Applicant's system seems to receive a limit order, and then ask if the limit price is the same distance away from an updated market value, as the limit price was away from the original market value. In this scenario, the condition always fails unless the market

value doesn't change, which is rare. The language in the claim is unclear, and appropriate correction is required.

New Grounds of Rejection #2 – 35 USC § 112

Claim 1-35 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Specifically, applicant's use of the terms "market value" in claims 1 and 35 is unclear. Market value is not a fixed value, but at any time, varies from person to person. In a transaction for the sale of goods or services, the market value of the goods or service that is the subject matter of sale is exactly what is paid for those goods or services.

New Grounds of Rejection #3 – 35 USC § 102

The text of 35 U.S.C. §102 is found in the previous office action.

With regard to Claims 1 & 34-35, Maddoff teaches the method, apparatus and system comprising:

receiving from a first party an order to trade a financial instrument at a predetermined distance and predetermined direction away from a market value of the financial instrument;
(Claim 1, describing orders and responses that are "relative prices" and also Page 3, Para. 29, describing relative pricing, wherein price improvements are a particular price above or below, NBBO, a measure of market value. There are several examples throughout the specification, including Figure #2 and Page 3, Paras. 30-34)

upon acceptance of the order by a second party at a particular price, determining an updated market value of the financial instrument; and
(Once the order is matched, ie accepted, the actual price has to be determined by referring back to the NBBO. Thus if both the order and response are (NBBO + .05), to determine the actual trade price requires determining an updates value from NBBO. Please see Figure #5 and Paras. 42-43.)

completing the order only if the accepted price is at least the predetermined distance and the predetermined direction away from the updated market value.
(By definition, the orders in Maddoff are at least the distance and direction away from market value because the orders are executed after the updated market value is retrieved)

With regard to Claim 2, Maddoff teaches the method wherein:

the order is received from the first party over a network. (Page 1, Para. 6)

With regard to Claim 3, Maddoff teaches the method wherein:

the order to trade is a buy order. (Page 3, Para. 30)

With regard to Claim 4, Maddoff teaches the method wherein:

the order to trade is a sell order. (Page 3, Para. 30)

With regard to Claim 5, Maddoff teaches the method wherein:

the financial instrument is one of a stock, bond, contract, option, future, commodity and currency. (Page 2, Para. 21)

With regard to Claim 7, Maddoff teaches the method wherein:

the predetermined distance is a dollar amount.
(Page 3, Paras. 29-30)

With regard to Claim 8, Maddoff does not expressly teach the method wherein:

the predetermined direction is below the market value of the financial instrument.

However, this is an inherent property of the system as disclosed, but not considered in any of the examples. Anyone of the orders could be an order for a negative off of NBBO.

With regard to Claim 9, Maddoff does not expressly teach the method wherein:

the predetermined direction is above the market value of the financial instrument.
(Figure #2 and Page 3, Paras. 30-34)

With regard to Claim 12, Maddoff teaches the method wherein:

market value is based on the midpoint of a bid and ask price.
(Page 4, Para. 44)

With regard to Claim 15, Maddoff teaches the method wherein:

the second party accepts the order by clicking on a posting of the order over a network.
(Page 2, Para. 22)

With regard to Claim 16, Maddoff teaches the method wherein:

completing the order includes executing the order at the accepted price.
(Page 3, Para. 32)

With regard to Claim 17, Maddoff teaches the method wherein:

completing the order includes submitting the order to a third party system for execution at the accepted price. (Page 2, Paras. 23-27)

With regard to Claim 26, Maddoff teaches the method wherein;

receiving at least one execution condition with the order; and completing the order only if the at least one execution condition is satisfied.
(Page 2, Para. 27)

New Grounds of Rejections #4 – 35 USC § 103

With regard to Claims 6, Maddoff does not teaches the method wherein:

the predetermined distance is a percentage.

However, in analgous case, Foley at (Page 7, Para. 7) demonstrates this aspect of applicant's invention. Further this is an obvious modification to the teachings of Maddoff, in that using a percentage would allows traders to forego time consuming calculations of the prices they want. This would encourage using the system, increase capitalization in the markets.

With regard to Claims 10-14, Maddoff does not teach the method wherein market values is based on any of the following:

bid price, ask price, last trade price, or a third party software program that scans market data.

However, the emphasis in Maddoff is not on what measure of market value is used but the fact that pricing is relative. Thus, even though Maddoff uses NBBO as the standard for market value, the above listed measures of price are obvious modifications to Maddoff that are old and well known in the art, each being used for whatever particular advantages it would have over the others. In addition, in the previous office action mailed 15 September 2004, the examiner made a similar argument regarding the obviousness of these dependent claims. In that regard, please note that MPEP § 2144.03(C) states, in respect to an Examiner's use of Official Notice:

> To adequately traverse such a finding, an applicant must specifically point out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art. See 37 CFR 1.111(b).

The same section continues:

> If applicant does not traverse the examiner's assertion of official notice or applicant's traverse is not adequate, the examiner should clearly indicate in the next Office action that the common knowledge or well-known in the art statement is taken to be admitted prior art because applicant either failed to traverse the examiner's assertion of official notice or that the traverse was inadequate. If the traverse was inadequate, the examiner should include an explanation as to why it was inadequate.

Other than arguing that the primary reference was deficient, Applicant has not made any argument at all regarding the noticed elements of the claims. Thus the examiner now consider as admitted prior art, the elements of Claims 10-14, which may be combine with the Maddoff reference.

With regard to Claims 18-22, Maddoff does not teach the method comprising:

receiving at least one activation condition with the order; and delaying activation of the order until the at least one activation condition is satisfied,

nor does it teach the various particular conditions cited in 19-22. However, again in the previous office action mailed 15 September 2004, the examiner made a similar argument regarding the obviousness of these dependent claims. Other than arguing that the primary reference was deficient, Applicant has not made any argument at all regarding the noticed elements of the claims. Thus the examiner now consider as admitted prior art, the elements of Claims 18-22. These activations conditions are obvious modifications to the orders placed in the system of Maddoff.

With regard to Claims 23-25, Maddoff does not teach the method wherein:

the activation of the order includes posting the order in a manner indicating that the order is available for trading.

said order is posted on a bulletin board transmitted over a network.

the order is available for trading includes an association of the posted order with a particular color.

However, again in the previous office action mailed 15 September 2004, the examiner made a similar argument regarding the obviousness of these dependent claims. Other than arguing that the primary reference was deficient, Applicant has not made any argument at all regarding the noticed elements of the claims. Thus the examiner now consider as admitted prior art, the elements of Claims 23-25. These activations conditions are obvious modifications to the orders placed in the system of Maddoff.

With regard to Claims 27-33, Maddoff does not teach the method comprising various execution conditions that must occur before the transaction will finalize, including:

completing the order only if a particular market index increases during a particular interval of time after the order is accepted;

the particular market index is the Dow Jones Industrial Average;

the particular interval of time is one minute;

completing the order only if the market value of the financial instrument remains unchanged for a particular interval of time.

the market value is based on a software program that scans market data.

the particular interval of time is a random period between an upper and lower limit.

the random period is where the lower limit is 15 seconds and the upper limit is 45 seconds.

However, again in the previous office action mailed 15 September 2004, the examiner made a similar argument regarding the obviousness of these dependent claims. Other than arguing that the primary reference was deficient, Applicant has not made any argument at all regarding the noticed elements of the claims. Thus the examiner now consider as admitted prior art, the elements of Claims 27-33. These activations conditions are obvious modifications to the orders placed in the system of Maddoff.

Conclusion

This action is non-final. Any inquiry concerning this communication or earlier communications from the examiner should be directed to James Alpert whose telephone number is (571) 272-6738. The examiner can normally be reached on M-F

9:30-6:00. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (571) 272-6747. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197.

James M. Alpert
July 11, 2005

JAGDISH N. PATEL
PRIMARY EXAMINER